



Statement for the Record

The Manufactured Housing Institute

Before the:

U.S. House of Representatives Small Business Committee

Hearing Entitled:

“Burdensome Regulations: Examining the Effects of Department of Energy Regulations on America’s Job Creators.”

November 8, 2023

The Manufactured Housing Institute (MHI) is pleased to submit this statement for the record for the November 8, 2023, House Small Business Committee Hearing on “Burdensome Regulations: Examining the Effects of Department of Energy Regulations on America’s Job Creators.”

MHI is the only national trade association that represents every segment of the factory-built housing industry. Our members include home builders, suppliers, retail sellers, lenders, installers, community owners, community operators, and others who serve the industry, as well as 48 affiliated state organizations.

In 2022, our industry produced nearly 113,000 homes, accounting for approximately 11 percent of new single-family home starts.

Unfortunately, the significant levels of job creation, economic activity, and homeownership affordability created by manufactured housing is currently at risk because of [unbalanced Department of Energy \(DOE\) energy standards](#) for new manufactured homes released a year ago in May.

Those DOE standards epitomize what this hearing’s title refers to as “burdensome regulations.” The DOE energy standards would: (1) increase the cost of each new manufactured home by an average of around \$5,000 a home, (2) cause many prospective manufactured home buyers to no longer qualify for a mortgage because of the higher Debt to Income (DTI) ratio, and (3) impose higher annual costs on homebuyers that, according to our calculations, exceed the purported energy savings under the DOE standards.

The DOE standards are not just burdensome – they are unnecessary. MHI, our manufacturer members, and in fact all our members support the objective of manufactured home energy efficiency. In fact, more than 30 percent of new manufactured homes are Energy Star certified and even more are built to meet or exceed those standards.

However, the right forum to update energy standards for manufactured homes is through HUD, which for almost 50 years had exclusive jurisdiction over the establishment of manufactured home construction and safety standards – which include energy standards - through the HUD Code. MHI has been urging HUD to update energy standards under the HUD Code for some time and HUD started that process last fall, through initial consideration by the HUD Manufactured Housing Consensus Committee (MHCC), a non-partisan panel of experts in the field of manufactured housing engineering.

Unfortunately, the development by DOE of parallel – but substantially different – energy standards would impose a significant compliance, cost and time burden on the construction of manufactured homes. The impact would be simple: fewer manufactured homes, fewer jobs in the manufactured home sector, and fewer affordable homeownership opportunities for low- and moderate-income families.

Why is that important? Because manufactured housing is our nation’s most affordable homeownership option. In 2022, the average price of a manufactured home was \$127,250, while the average price of a site-built home was \$413,000. And, the average income of a manufactured home buyer was around \$35,000, while the average income of a site-built homebuyer was over \$100,000.

Finally, the DOE manufactured home energy standards are not just burdensome and unnecessary – they also contain a number of critical flaws in their design and implementation.

First, the DOE standards incorporate standards from building codes, which are used for site-built homes, which are incompatible with manufactured homes.

Second, DOE standards do not include a testing, compliance, or enforcement regime. This potentially fatal flaw not only undermines the objectives of having energy standards in the first place, but it also potentially delays the implementation of much needed updates to manufactured home energy standards, due to confusion and unresolved issues resolving compliance and enforcement.

Finally, the DOE manufactured home energy standards were adopted without any effective consultation with HUD, even though this was required by statute and even though HUD is the acknowledged authority both on manufactured home construction and safety standards and on housing affordability. This failure to consult with HUD was a major contributing factor to the fundamental flaws in the DOE standards.

But don't just take MHI's word for this. Last fall, when HUD's Manufactured Housing Consensus Committee (MHCC) considered the DOE standards, the MHCC found numerous problems with the standards, including a failure by DOE to consider the unique characteristics of manufactured homes.

For all these reasons, MHI urges the DOE to defer to HUD in the final establishment of updated manufactured home energy standards – trusting the HUD CODE process, which includes the work of experts in the MHCC and the perspective of HUD as the federal agency charged not just with these standards but with adopting standards that reflect the critical perspective of affordable housing. The final result should be one uniform nationwide set of manufactured home energy standards, finalized by the HUD MHCC and by HUD.

However, barring such deference on the part of the DOE, MHI believes that Congress should act. Last week, the House adopted an amendment to the FY 2024 Department of Energy Appropriations bill barring any DOE funds from being used to implement the flawed DOE manufactured home energy standards. This provision should be retained in the final conference report.

Additionally, a few weeks ago the Energy, Climate, and Grid Security Subcommittee of the House Energy Committee approved the *"Affordable Housing Over Mandating Efficiency Standards Act,"* which would repeal Section 413 of the 2007 "Energy Independence Security Act," which gave DOE authority to establish its own different set of energy standards for manufactured housing. This bill would re-instate HUD's longstanding and sole jurisdiction over manufactured housing construction and safety standards, and would eliminate the flawed DOE standards, which are a threat to job creation and homeownership affordability.

In closing, MHI commends the Small Business Committee for its focus on burdensome regulations that harm America's job creators, and urges the Committee to give its support to the efforts in other House Committees to reign in these DOE energy standards that undermine job creation and homeownership affordability.